



# LOS ANGELES COUNTY CAPITAL ASSET LEASING CORPORATION

MAHESH PAREKH  
President

MICHAEL A. JIMENEZ  
Vice President

ROBERT E. BUSH  
Secretary – Treasurer

BONDIE O. GAMBRELL  
Director

ARTURO SNEIDER  
Director

## **MINUTES** **JUNE 5, 2008 MEETING** LAC+USC Medical Center First Floor Conference Center 1983 Marengo Street Los Angeles, California 90033

### **CALL TO ORDER – ROLL CALL**

President Parekh called the meeting to order at 10:00 a.m. and the Assistant Secretary called the roll. The following Board Members were present, constituting a quorum:

#### **PRESENT**

Mahesh Parekh, President  
Michael Jimenez, Vice President  
Robert Bush, Secretary – Treasurer  
Arturo Sneider, Director

#### **ABSENT**

Bondie Gambrell, Director

### **WELCOME DIRECTOR ARTURO SNEIDER**

President Parekh welcomed newly appointed Director Arturo Sneider to the Los Angeles County Capital Asset Leasing Corporation (LAC-CAL).

### **APPROVAL OF FEBRUARY 7, 2008 MINUTES**

On motion of Secretary-Treasurer Bush, seconded by Vice President Jimenez, and unanimously carried, the Corporation unanimously approved the February 7, 2008 minutes as submitted.

### **ELECTION OF OFFICERS**

On motion of Director Parekh, seconded by Director Jimenez, the Corporation unanimously elected Director Bush as President.

On motion of Director Parekh, seconded by Director Bush, the Corporation unanimously elected Director Jimenez as Vice President.

On motion of Director Bush, seconded by Director Jimenez, the Corporation unanimously elected Director Parekh as Secretary-Treasurer.

On motion of Director Bush, seconded by Director Jimenez, the Corporation unanimously recommended Arturo Sneider to the Corporation's Board of Directors.

**ACKNOWLEDGE RECEIPT OF FY 2006-2007 AUDIT REPORT**

On motion of Vice President Jimenez, and seconded by President Bush, the Corporation unanimously received and filed the LAC-CAL Audit Report for Fiscal Year 2006-2007.

**COMMERICAL PAPER PROGRAM – PROPERTY SUBSTITUTION**

Douglas Baron, Treasurer and Tax Collector gave a brief summary on the commercial paper program. Mr. Baron stated the following:

- Commercial paper program contributed \$300 million in capital to build the new LAC+USC Medical Center facility and secured through a lease arrangement of 19 County properties, 10 of which are County courthouses.
- In February, the plan was to substitute the Medical Center due to beneficial occupancy of the facility into the program and move out the courthouses. The necessity for moving out the courthouses relates to the Trial Court Facilities Act of 2002, and the Senate Bill 1974, which authorized the transfer of County court facilities to the State.
- The new Medical Center facility has a Federal Emergency Management Agency (FEMA) lien. Following the Northridge earthquake, FEMA grants contributed \$400 to \$500 million for the completion of the new facility. The lien will begin on the first day of operation and exist for a period of 10 years. Treasurer Tax Collector is currently working with FEMA on details of the lien. However, there is no guaranteed the lien issue will be resolved in the immediate future.
- The resolution proposes an alternative solution, which is bringing 10 additional County facilities into the commercial paper program and removing the 10 courthouses as well as one parking structure, which will be removed pursuant to the Grand Avenue Project.
- Vice President Jimenez inquired about the FEMA agreement and the value of the Medical Center in relation to the commercial paper program. Mr. Baron stated that the new Medical Center will be used as security for a second tranche of commercial paper that will include a new credit bank letter of credit, and a new site lease and sublease. The process is estimated to take 3-6 months after the release of lien is received. Additional County properties may be encumbered to achieve this goal.
- The second tranche of commercial paper is not fully dependent on the Medical Center. President Bush inquired why the second tranche is necessary. Mr. Baron explained that two letters were submitted to the Board of Supervisors discussing additional usage for commercial paper, which includes five Fire Stations in the Santa Clarita Valley estimated at \$75-\$100 million, and the master Jail Facilities Plan estimated at \$700 million.

Items of the Jail Facilities Plan were referred back to the Chief Executive Officer (CEO). A Board item was placed either in March or April laying out the initial refurbishment consideration of the Jail Facility Plan. President Bush requested that copies of the Board item be distributed to LAC-CAL Directors. Mr. Baron reported that property substitutions will be placed on a Board letter for the June 17, 2008 agenda. President Bush requested that copies of the property substitution documents be e-mailed to the LAC-CAL Directors.

- President Bush questioned which other buildings are encumbered by the commercial paper program. Mr. Baron reported the following facilities encumbered by the commercial paper with a value of \$140 million: County Hall of Records, Adams and Grand, DPSS Exposition Park Office, Patriotic Hall, Hubert Humphrey Health Center.

**On motion of Secretary-Treasurer Bush, seconded by Vice President Jimenez the Corporation approved the resolution of Commercial Paper Program, Property Substitution. Director Sneider abstained due to not enough background.**

**ADOPT RESOLUTION TO AMEND COMMERCIAL PAPER LEASE AND SUBLEASE**

John Patterson, Treasurer and Tax Collector gave a brief summary on the resolution to amend the commercial paper site lease and sublease. Mr. Patterson stated the following:

- Requested approval of the resolution which will allow Treasurer and Tax Collector to move forward once the properties have been determined.
- President Bush inquired about the Corporation's involvement in the financing of the addition to the Harbor UCLA Medical Center. Dawn McDivitt, Chief Executive Office, reported that 6 health facilities will be financed. UCLA Medical Center is scheduled for Board approval on June 17, 2008. Ms. McDivitt further stated that until the FEMA audit is completed, FEMA is withholding \$94 million in total grants for expenditures used on the new facility.

Commercial paper is used as interim financing mechanism to pay the contractor. The commercial paper program will be reimbursed as soon as FEMA revenue is received.

- President Bush inquired about the next scheduled meeting. Mr. Baron stated that the next meeting will be scheduled sometime in October or November 2008. Mr. Baron will notify Commission Staff of the date as soon as it becomes available.

**PUBLIC COMMENT**

There was none.

**ADDITIONAL MATTERS NOT POSTED ON THE AGENDA (TO BE PRESENTED  
AND PLACED ON A FUTURE AGENDA**

There were none.

**ADJOURNMENT**

The meeting was adjourned at 10:50 a.m.

**ATTENDANCE**

Douglas Baron, Treasurer & Tax Collector  
John Patterson, Treasurer & Tax Collector  
Carolyn Rhee, LAC+USC Replacement Facility  
Dawn McDivitt, Chief Executive Office  
Kam Wong, Auditor Controller  
Sandy Yoshima, Auditor Controller  
Cammy DuPont, County Counsel  
George Britton, Commission Services, Board of Supervisors  
Miyera Rivera, Commission Services, Board of Supervisors